

**STATEMENT OF SCOTT F. DENNISTON
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DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE COMMITTEE ON SMALL
BUSINESS AND COMMITTEE ON VETERANS AFFAIRS**

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify on behalf of Secretary Anthony J. Principi on the activities of VA to implement the veteran and service-disabled veteran-owned small business programs as envisioned by Public Law 106-50 and 108-183.

The mission of the Department of Veterans Affairs is a personal one. A mission of caring for him who shall have borne the battle, and for his widow and his orphan. Since passage of the Veterans Entrepreneurship and Small Business Development Act of 1999, our mission of care has expanded to include support for the veteran who is exploring business ownership, expanding a business or moving into the Federal marketplace.

Toward this goal, the Office of Small Business Programs provides guidance and training to our acquisition professionals, a cadre among the largest of any Federal Government agency. We also assist contracting teams in identifying competent businesses at prime or subcontract levels to perform VA's diverse and complex requirements. In addition, we educate small businesses on successful contracting with VA. I am proud of what we have accomplished thus far in serving this special population and I look forward to meeting the challenges ahead.

In 2001, OSDBU created the Center for Veterans Enterprise (CVE). CVE's principal mission is to promote business ownership and expansion for veterans and service-connected disabled veterans. The Center, which started with four employees, now has 11 employees in 3 functional units – Communications; Business Development and Business Expansion.

The mission of the Communications Unit is to ensure awareness of the Federal Veterans Entrepreneurship Program and the assistance offered by our resource partners – the Association of Small Business Development Centers, the Association of Procurement and Technical Assistance Centers, the Veterans Corporation, the Veterans Business Outreach Centers, the Small Business Administration's Veterans Business Development Officers, the Service Corps of Retired Executives, and the International Franchise Association. A principal tool of the Communications unit is the Center's web portal, vetbiz.gov. The web portal was recognized in the 2004 Edition of the 100 Best Resources for Small Business.

The mission of CVE's Business Development Unit is to efficiently connect the veteran with the community-based support and to assess the responsiveness and

effectiveness of local services. This unit was established in July 2003. A newly developed tool of the Business Development Unit is the VetBiz Assistance Program Pages, where providers of business assistance services may post their program information for veterans to easily locate them. The new database will be publicly unveiled on August 17, 2004, the fifth anniversary of the founding Veterans Entrepreneurship legislation.

The mission of CVE's Business Expansion Unit is to directly assist the veteran who is seeking Federal marketplace opportunities and to minimize access barriers to the maximum extent practical. A principal tool of the Business Expansion Unit is the VetBiz Vendor Information Pages. In April, the Administrator of the U.S. Small Business Administration and the Acting Administrator of the Office of Federal Procurement Policy jointly issued a memorandum to all Federal agencies, encouraging the use of the VetBiz VIP database. This database accepts information from external sources where veteran-owned businesses may be located, including the Central Contractor Registry and the State of California's DVBE database. For a business to be posted on this Internet offering, the company must answer questions regarding small business size status and affirm that the company is at least 51% owned and controlled by veterans or service-disabled veterans.

In the past twelve months, more than 59,000 calls and faxes from veterans were handled by the Center. The web portal established to provide 24/7 access to veterans in distance time zones has had more than 700,000 hits in the first six months of this year. VA's CVE has joined forces with Federal agencies and prime contractors to create a corps of Government and Corporate Advocates for Veterans Enterprise, volunteers who stand ready and able to answer questions from entrepreneurial veterans about how to access requirements of their organizations.

I am proud to report that our Department has been actively sought out by Federal agencies and corporations to partner in their outreach programs. VA has co-sponsored outreach programs with the U.S. Air Force, Defense Logistics Agency, Department of Health and Human Services, Department of Housing and Urban Development, Department of the Interior, Department of Transportation, U.S. Small Business Administration, General Services Administration, the Veterans Corporation, General Dynamics and SAIC. Additionally, we have ongoing relationships with the DoD Regional Small Business Councils, Procurement Technical Assistance Centers and Small Business Development Centers for community-based outreach programs. The CVE has also been invited to address employees of many other Federal agencies as part of their acquisition professionals continuing education programs.

Last Spring, Secretary Principi issued a comprehensive report of recommendations to improve performance with veteran-owned small businesses. This report contains many important changes, perhaps the most startling and truly sweeping is the requirement to include performance with veterans and service-disabled veterans in executives' performance plans. This report, coupled with the new set-aside authority for service-disabled veterans, should result in significantly improved achievements with

both veterans and service-disabled veterans in business. The report is posted on the vetbiz.gov web portal for use by any organization that may benefit from it.

Shortly after President Bush signed the Veterans Benefits Act of 2003 into law on December 16, 2003, we began receiving enthusiastic calls from service-disabled veteran entrepreneurs who had been closely monitoring this legislation. These callers wanted to know how long before the legislation would be implemented within VA and other Federal departments and agencies. They urged immediate implementation.

Secretary Principi, in consultation with the VA General Counsel, determined that implementing regulations were not necessary to implement the service disabled veteran owned small business (SDVOSB) set-aside and sole source award provisions under the Veterans Benefits Act of 2003. The Secretary directed implementation in VA as early as possible.

On February 24, 2004, VA's Office of Acquisition and Materiel Management issued Information Letter (IL) Number 04-4-4, implementing the Set-Aside Provisions of Public Law 108-183 for Service-Disabled Veteran-Owned Small Business Concerns. The IL advised that pending changes to the Federal Acquisition Regulations, VA contracting officers could begin to immediately execute contract actions with SDVOSBs. Included in the IL was guidance concerning the competition requirements for SDVOSB set-asides and the dollar limitations for sole source awards to SDVOSBs.

Thanks to the tremendous efforts and collaboration of the Small Business Administration and the Federal Acquisition Regulation (FAR) Council, both the SBA regulations and the Federal Acquisition Regulations were revised effective May 5, 2004 to implement Public Law 108-183. As a result, VA's IL was rescinded. When SDVOSBs have inquired about the provisions of this important authority, VA's Office of Small and Disadvantaged Business Utilization has encouraged these firms to carefully review the interim rules and to provide their comments and recommendations to the appropriate officials before the public comment period closed on July 6, 2004.

VA's Office of Small and Disadvantaged Business Utilization and Office of Acquisition and Material Management have worked very closely to ensure VA personnel are aware of our responsibilities to veteran and service-disabled veteran-owned small businesses. In September 2003, an Information Letter (IL) was issued providing specific steps to contracting officers and purchase card holders as to identifying and engaging veteran and service-disabled veteran-owned businesses. Recently, on June 4, 2004, another IL was issued providing instructions as to how evaluation factors supporting veteran-owned and service-disabled veteran-owned small businesses can be used in negotiated procurements.

VA's Office of Small and Disadvantaged Business Utilization has conducted training on SDVOSB set-aside and sole source awards at each Acquisition Training Forum and Acquisition Leadership Training Forum sponsored by VA's Office of Acquisition and Materiel Management held around the country. In addition, telephone

and video training conferences have also been conducted with acquisition professionals at sites that were unable to participate in the various forums.

In closing, we believe we have set in place the building blocks necessary to take advantage of the tools provided by Congress to truly provide an opportunity for veterans and service-disabled veterans to fully participate in the economic system they have fought to defend.

Thank you for your time. I will be happy to respond to your questions.